

Message Text

CONFIDENTIAL

PAGE 01 BRUSSE 01940 011117Z
ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 IO-06 NEA-07 EB-03 NSCE-00
CIAE-00 NSAE-00 INR-05 L-01 SP-02 H-01 OMB-01
TRSE-00 AGRE-00 STR-02 SSO-00 INRE-00 /051 W
-----113924 011136Z /17

O 011108Z FEB 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 4593

INFO ALL EC CAPITALS IMMEDIATE

USMISSION GENEVA IMMEDIATE

AMEMBASSY TEL AVIV IMMEDIATE

AMEMBASSY ALGIERS IMMEDIATE

AMEMBASSY RABAT IMMEDIATE

AMEMBASSY TUNIS IMMEDIATE

AMEMBASSY CAIRO IMMEDIATE

AMEMBASSY AMMAN IMMEDIATE

AMEMBASSY BEIRUT IMMEDIATE

AMEMBASSY ANKARA IMMEDIATE

C O N F I D E N T I A L BRUSSELS 01940

LIMDIS

USEEC

GENEVA FOR USMTN, PARIS ALSO FOR OECD
DEPT PASS USDA AND STR

E.O. 11652: GDS

TAGS: ETRD, EAGR, EEC

SUBJECT: INCREASED EC PREFERENCES FOR CITRUS

REF: (A) STATE 25799, (B) BRUSSELS 19206

1. WE HAVE RECOMMENDED TO OUR COLLEAGUES IN EC CAPITALS
TO DELAY REPRESENTATIONS DIRECTED REF. A PENDING FURTHER
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CLARIFICATION FROM WASHINGTON. WE FEEL STRONGLY THAT
BLUNT STATEMENT OF OPPOSITION TO INCREASE IN PREFERENCE
MARGIN FOR MEDITERRANEAN SUPPLIERS CARRIES SERIOUS RISK
FOR U.S. INTERESTS AND IS NOT NECESSARY IN ORDER TO
STAVE OF ACTUAL INCREASE IN PREFERENCE.

2. THE RISKS ARE THAT OPPOSITION GIVES ITALY A CONVE-

NIENT EXCUSE TO LOAD WHOLE RESPONSIBILITY FOR SCUTTling
THE PROPOSAL ON US, WHEN IN FACT IT IS VERY UNLIKELY
ITALIANS WILL AGREE TO IT EITHER AT ALL OR WITHOUT
SIGNIFICANT QUID-PRO-QUO FROM THEIR PARTNERS. WE WOULD
THUS TAKE UNNECESSARY FLAK FROM BOTH EC AND MEDITERRANEAN
ASSOCIATES, TO NO USEFUL PURPOSE. FURTHER,
OUR CASE REALLY RESTS ON CHANGE IN COMPETITIVE CONDITIONS
WHICH PROPOSAL WOULD IMPLEMENT, NOT LEVEL OF PREFERENCE AS
SUCH. THUS, MORE LEGITIMATE CASE WE CAN MAKE IS THAT
WHICH WE SUGGESTED IN REF. B, I.E., THAT IF EC CHANGES
PREFERENCE FOR ASSOCIATES, IT SHOULD ADJUST MFN RATE
CORRESPONDINGLY TO MAINTAIN COMPETITIVE STATUS QUO.

3. OBVIOUS VALUE OF THIS APPROACH IS THAT IT PERMITS US
TO SAY WE ARE NOT OPPOSED TO CHANGE IN PREFERENCE PER SE,
THUS AVOIDING RISKS DESCRIBED ABOVE. HOWEVER, THE
CONDITION WE ATTACH TO IT, COUPLED WITH THE WARNINGS WE
PROPOSED IN REF. B, MAKE IT HIGHLY UNLIKELY EC WOULD
ACCEPT AND THUS WOULD ADD SIGNIFICANTLY TO CHANCES THAT
PROPOSAL WILL WITHER ON THE VINE. AS A MINIMUM, APPROACH
WE PROPOSED IN REF. B WILL BE AT LEAST AS EFFECTIVE AS
OVERT AND UNQUALIFIED OPPOSITION, BUT, IN OUR VIEW,
AVOIDS POTENTIAL DAMAGE WHICH OPPOSITION AS SUCH ENTAILS.

4. WE THEREFORE RECOMMEND WASHINGTON REVIEW INSTRUCTION
IN REF. A AND CONSIDER AGAIN RELATIVE MERITS OF IT AS
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AGAINST OUR RECOMMENDATION IN REF. B. HINTON

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NNN

Message Attributes

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Channel Indicators: n/a
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